

Article 5: Organized Automobile Insurance Fraud Interdiction Program

Title 10, Chapter 5, Subchapter 9, Article 5, Sections 2698.70 and 2698.71, California Code of Regulations

§ 2698.70 Definitions

For the purposes of these regulations:

- (a) "Applicant" means one or more district attorneys.
- (b) "Application" means a document submitted by an applicant for the purpose of requesting funding under this program.
- (c) "Assessment" means an annual fee paid by insurers for each vehicle insured under an insurance policy in the state to support the enhanced interdiction of organized automobile fraud activity.
- (d) "Commissioner" means the Insurance Commissioner of the California Department of Insurance.
- (e) "Department" means the California Department of Insurance.
- (f) "District Attorney" means the prosecuting officer of a California county as provided in Government Code section 26500.
- (g) "Fraud Division" means the California Department of Insurance Fraud Division, also known as the Bureau of Fraudulent Claims.
- (h) "Funding Cycle" means a consecutive 12-month period within a grant period. The funding cycle will commence with the first month of a grant period.
- (i) "Grant Award" means an award of funds to be used by the Grantee pursuant to Insurance Code sections 1874.8 and 1874.81.

- (j) “Grant Period” means a consecutive 36-month period commencing with the month as provided in a grant award.
- (k) “Grantee” means a grant-funded applicant.
- (l) “Insurer” shall have the same meaning as provided under California Insurance Code section 23.
- (m) “Memorandum of Understanding” means a document, including any attachment or addendum, reflecting the agreed upon operational commitments and obligations between a grantee, the Fraud Division and the California Highway Patrol for a coordinated effort aimed at the investigation and prosecution of organized automobile fraud activity including a description of specific program objectives.
- (n) “Organized automobile fraud activity” shall have the same meaning as set forth in Section 1874.8, subdivision (g) of the Insurance Code.
- (o) “Program” means those activities conducted by the Fraud Division, the California Highway Patrol, and grantees which support the Organized Automobile Fraud Activity Interdiction Program.
- (p) “Vehicle” shall have the same meaning as defined in Section 670 of the Vehicle Code- and shall include commercial and non-commercial vehicles.

NOTE: Authority cited: Sections 1874.8, 1874.81, Insurance Code. Reference: Section 26500, Government Code; Sections 1874.8(a), (g) and 1874.81, Insurance Code.

§ 2698.71 Annual Fee

- (a) Each insurer shall pay an annual fee of twenty-five cents (\$.25) for the calendar year 2000 and, for each year thereafter, fifty cents (\$.50) for each vehicle it insures under a policy of insurance issued in this state, ~~during each calendar year or any part thereof.~~ each. This annual fifty cent fee shall be paid in increments of twelve and one-half cents (\$.125) for each quarter of a calendar year or any part thereof. The assessment shall be made on a quarterly basis. ~~However, neither the amount nor the payment of the assessment shall be prorated.~~
- (b) The calendar year first quarter assessment shall be calculated by identifying the number of vehicles in this state for which a policy of insurance is in force as of January 1, plus the number of vehicles for which a new policy has been issued in the first quarter. ~~For each subsequent quarter during the calendar year, each insurer shall identify and pay the assessment for each vehicle in this state for which a policy of insurance has been issued during the quarter being assessed.~~ The calendar year second, third, and fourth quarter assessments shall be calculated by identifying the number of vehicles in this State for which a policy of insurance is in force as of April 1, July 1, and October 1, respectively, plus the number of vehicles for which a new policy has been issued in the respective quarter. Each quarterly assessment payment shall be submitted with a certification by an officer of the insurer, under penalty of perjury pursuant to the laws of the State of California, that the number of vehicles being reported is accurate and the insurer shall, on request by the Commissioner, provide verification of the number of vehicles insured under a policy of insurance.
- (c) An assessment need not be paid on a vehicle insured on:

- (1) A renewal policy issued within the same quarter of a calendar year, on the same vehicle by the same insurer or insurer with the same group ~~without a lapse in coverage~~.
 - (2) A multi-peril, umbrella or excess coverage policy where the vehicle is already covered under a primary policy.
 - (3) A road-side or mechanical breakdown policy that does not provide coverage for collision or other-than-collision (comprehensive) losses.
- (d) Payment of the assessment shall be considered delinquent if not paid by the insurer within forty-five (45) days of the invoice date ~~the assessment has been mailed~~. Any amount not paid within this period shall be charged a late fee in accordance with California Insurance Code section 12995.
- (e) Notwithstanding subdivision (a) of this section, if the Commissioner determines that the amount to be collected will exceed the amount to be expended from the Annual Budget Act Appropriation to fund the program under this article, the Commissioner may discount the amount of the assessment to be collected to more closely meet the expenditures authorized by the Annual Budget Act.

NOTE: Authority cited: Sections 1874.8, 1874.81, Insurance Code. Reference: Section 26500, Government Code; Sections 1874.8 and 1874.81, 12995 Insurance Code; Section 670, Vehicle Code.

